

**Assembly Bill No. 1755**

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Passed the Assembly August 25, 2010

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*Chief Clerk of the Assembly*

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Passed the Senate August 24, 2010

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2010, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Sections 5898.15, 5898.23, and 5899 to the Streets and Highways Code, relating to contractual assessments.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1755, Swanson. Seismic Safety Finance Act.

Existing law, the Improvement Act of 1911, authorizes the legislative body of any public agency, as defined, to determine that it would be convenient, advantageous, and in the public interest to designate an area within the public agency, as specified, within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance the installation of distributed generation renewable energy sources or energy or water efficiency improvements that are permanently fixed to real property, as specified. Existing law requires the legislative body to make these determinations by adopting a resolution indicating its intention to do so and requires that the resolution include specified information and directs an appropriate public agency official to prepare a prescribed report.

This bill would enact the Seismic Safety Finance Act, which would expand these provisions to also apply to contractual assessments to finance the installation of seismic strengthening improvements, as defined, that are permanently fixed to real property, as specified. The bill would define “public agency,” for purposes of financing the installation of seismic strengthening improvements, to mean a city, county, or city and county. The bill would also prohibit a public agency from permitting a property owner to participate in a contractual assessment program if the total amount of assessments and taxes on the property exceeds 5% of the property’s market value, as specified. The bill would require the preliminary report issued in connection with the contractual assessment program to include criteria for determining the underwriting requirements, as well as safeguards to be used to limit the total annual property tax and assessments on the property, as specified.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares that Assembly Bill 1755 of the 2009–10 Regular Session shall be known as the Seismic Safety Finance Act.

SEC. 2. Section 5898.15 is added to the Streets and Highways Code, to read:

5898.15. (a) A public agency shall not permit a property owner to participate in any program established pursuant to this chapter if the owner's participation would result in the total amount of any annual property taxes and assessments exceeding 5 percent of the property's market value, as determined at the time of approval of the owner's contractual assessment.

(b) Nothing in this chapter shall be construed to void or otherwise release a property owner from the contractual obligations incurred by a contractual assessment on a property, particularly in the event that the total amount of annual property taxes and assessments exceeds 5 percent of a property's market value after the property owner has entered into a contractual assessment pursuant to this chapter.

SEC. 3. Section 5898.23 is added to the Streets and Highways Code, to read:

5898.23. For purposes of the report required pursuant to Section 5898.22, the statement of public agency policies required pursuant to subdivision (c) of that section shall also include a brief description of criteria for determining the underwriting requirements, as well as safeguards that will be used to ensure that the total annual property tax and assessments on the property will not exceed 5 percent of the property's market value, as determined at the time of approval for the owner's contractual assessment.

SEC. 4. Section 5899 is added to the Streets and Highways Code, to read:

5899. (a) The Legislature finds and declares all of the following:

(1) It is the intent of the Legislature to address seismic safety needs throughout this state by permitting voluntary individual efforts to improve the seismic safety of homes and buildings. The Legislature further intends that this chapter should be used to finance the installation of seismic strengthening improvements that are permanently fixed to residential, commercial, industrial,

agricultural, or other real property, including, but not limited to, the seismic strengthening of cripple walls and sill plate anchorage of light, wood-framed buildings.

(2) The upfront cost of making residential, commercial, industrial, agricultural, or other real property more seismically safe prevents many property owners from making those improvements. To make those improvements more affordable and to promote the installation of those strengthening improvements, it is necessary to authorize an alternative procedure for authorizing assessments to finance the cost of seismic strengthening improvements.

(3) A public purpose will be served by a voluntary contractual assessment program that provides the legislative body of any public agency with the authority to finance the installation of seismic strengthening improvements that are permanently fixed to residential, commercial, industrial, agricultural, or other real property.

(b) For purposes of this section, the following terms shall have the following meanings:

(1) For the purpose of financing the installation of seismic strengthening improvements, “public agency” means a city, county, or city and county. The definition of “city” in Section 5005 shall not apply to this paragraph.

(2) “Seismic strengthening improvements” means permanent seismic safety improvements fixed to residential, commercial, industrial, agricultural, or other real property.

(c) The legislative body of any public agency may designate an area, in the manner provided pursuant to Section 5898.20, within which authorized public agency officials and property owners may enter into voluntary contractual assessments to finance the installation of seismic strengthening improvements that are permanently fixed to real property pursuant to this chapter.

(d) For purposes of establishing a voluntary contractual assessment program relating to seismic strengthening improvements, the legislative body shall make the determinations required pursuant to Section 5898.20 by adopting a resolution indicating its intention to do so. The resolution of intention shall identify the kinds of seismic strengthening improvements that may be financed and shall include all of the information that is required pursuant to subdivision (b) of Section 5898.20, including, but not

limited to, directing an appropriate public agency official to prepare a report pursuant to Section 5898.22.

(e) For purposes of the report required pursuant to Section 5898.22, relating to a voluntary contractual assessment program for seismic strengthening improvements, the designated public agency official shall satisfy the requirements of paragraph (1) of subdivision (c) of Section 5898.22 by identifying the types of seismic strengthening improvements that may be financed through the use of contractual assessments.

(f) Notwithstanding any other provision of this chapter, upon the written consent of an authorized public agency official, the proposed arrangements for financing the program pertaining to the installation of seismic strengthening improvements that are permanently fixed to real property may authorize the property owner to purchase directly the related equipment and materials for the installation of seismic strengthening improvements and to contract directly for the installation of seismic strengthening improvements that are permanently fixed to the property owner's residential, commercial, industrial, agricultural, or other real property.





Approved \_\_\_\_\_, 2010

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*Governor*